

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 IO-10 EB-07 LAB-04 SIL-01 FEA-01 /077 W

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R 130343Z DEC 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 4662

C O N F I D E N T I A L CANBERRA 8074

E.O. 11652: GDS

TAGS: AS, PINT

SUBJECT: ALP FORTUNES ON EVE OF PRIME MINISTER WHITLAM'S
EUROPEAN TOUR

REF: CANBERRA 6865, 7955, 7968, 7980, 8034

1. SUMMARY: PRIME MINISTER WHITLAM LEAVES AUSTRALIA FOR A
5-1/2 WEEK EUROPEAN TOUR TOMORROW. HE LEAVES BEHIND A
DISPIRITED AND DIVIDED GOVERNMENT TEAM. THE WHITLAM MINISTRY'S
PERFORMANCE IN THE LAST SEVERAL WEEKS RAISES QUESTIONS ABOUT ITS
ABILITY TO GOVERN EFFECTIVELY. END SUMMARY.

2. THE WHITLAM GOVERNMENT HAS HAD A BAD SEVERAL WEEKS. FIRST
THERE WAS A BACKGROUND BRIEFING ON MINERALS POLICY ON 10 OCT 74
WHICH PRECIPATED A PUBLIC ROW BETWEEN THE DEPARTMENT OF FOREIGN
AFFAIRS AND MR. CONNOR, THE MINISTER OF FUELS AND ENERGY. NEXT
THE PRIME MINISTER HANDLED THE REPLACEMENT OF MR. CREAN BY
DR. CAIRNS AT THE TREASURY IN A WAY WHICH STIRRED UP UNNECESSARY
CONTROVERSY AND PUBLIC RECRIMINATIONS. THEN THE GOVERNMENT
ADOPTED A NUMBER OF THE ECONOMIC POLICIES WHICH WERE PROPOSED BY
THE LIBERAL PARTY IN THE LAST ELECTION AND THE ATTEMPT TO
APPOINT MISS MOROSI AS DR. CAIRN'S PRIVATE SECRETARY AND THE
APPOINTMENT OF PETER WILENSKI AS PERMANENT SECRETARY OF THE
MINISTRY OF LABOR AND IMMIGRATION AROUSED OPPOSITION IN THE PRESS
AND IN OPPOSITION PARTIES AND LED TO ACCUSATIONS OF FAVORITISM IN
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PUBLIC SERVICE APPOINTMENTS. THE MOST SERIOUS SETBACK,

HOWEVER, WAS THE QUEENSLAND PARLIAMENTARY ELECTION DEC 7. THE PRIME MINISTER AND MOST OF LABOR CABINET CAMPAIGNED VIGOROUSLY IN QUEENSLAND AND IN EFFECT TURNED THE ELECTION INTO A REFERENDUM ON THE ALP'S FEDERAL POLICIES. THE RESULT WAS A DISASTROUS SETBACK FOR THE ALP.

3. THESE FACTORS COUPLED WITH A WORSENING ECONOMIC SITUATION HAVE LED TO DIVISIONS WITHIN THE ALP'S RANKS. ALP PRESIDENT BOB HAWKE CALLED FOR THE PRIME MINISTER TO CANCEL HIS EUROPEAN TRIP AND TO REMAIN HOME TO MANAGE THE ECONOMY. THE MINISTER FOR NORTHERN DEVELOPMENT, DR. PATTERSON, STATED THAT THE PRIME MINISTER WAS OUT OF TOUCH WITH THE PEOPLE OF QUEENSLAND. IN THE STRONGEST CRITICISM YET MADE AGAINST THE PRIME MINISTER BY MEMBER OF THE CABINET DR. PATTERSON SAID: "DOWN-TO-EARTH GRASS ROOT POLITICS INSTEAD OF AIRY-FAIRY, ACADEMIC AND THEORETICAL MUMMBO-JUMBO POLICIES, EVEN IF THEY ARE ECONOMICALLY SOUND ARE WHAT IS REQUIRED IN QUEENSLAND AND TO RESTORE CONFIDENCE IN THE LABOR GOVERNMENT." MR. JACK EGERTON, THE SENIOR VICE-PRESIDENT OF THE ALP MADE A SIMILAR CRITICISM AND SAID THAT THE ALP'S QUEENSLAND LOSSES WERE DUE TO FEDERAL ISSUES. THE ALP PREMIER OF SOUTH AUSTRALIA, DON DUNSTAN, AND NEW SOUTH WALES LABOR LEADER WRAN BOTH CRITICIZED THE FEDERAL GOVERNMENT FOR ITS FAILURE TO CONSULT WITH THE STATE LABOR PARTY ORGANIZATIONS AND OTHER REPRESENTATIVES OF THE LABOR PARTY. THE PRIME MINISTER'S TRIP AND THE QUEENSLAND ELECTION ARE BOTH ON THE AGENDA OF WHAT PROMISES TO BE A STORMY ALP FEDERAL EXECUTIVE MEETING SCHEDULED FOR 13 DEC 74 ALTHOUGH WE EXPECT THAT DIFFERENCES WITHIN THE ALP TO BE PATCHED OVER AT THIS MEETING.

5. COMMENT: THERE IS A FEELING OF CONFUSION AND DRIFT WITHIN THE ALP AT THE PRESENT TIME. THE PRIME MINISTER DOES NOT GIVE THE IMPRESSION OF BEING IN FIRM CONTROL EITHER OF CABINET OR OF GOVERNMENT POLICIES. ALP LEADERS ARE DEEPLY CONCERNED BY A WORSENING ECONOMIC SITUATION AND BY A STRONG SWING IN VOTER SENTIMENT AWAY FROM THE ALP. THERE APPEARS TO BE LITTLE LIKELIHOOD THAT EITHER THE POLITICAL OR ECONOMIC SITUATION WILL IMPROVE DURING THE PRIME MINISTER'S ABSENCE.
SIMPSON

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